

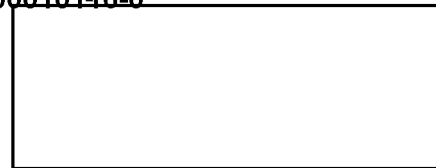
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Director of
Central
Intelligence

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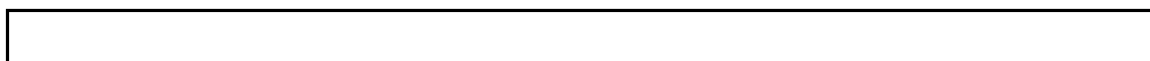
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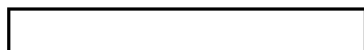
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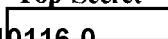


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IRAN: Demonstrations Peaceful

The massive, nonviolent demonstration in Tehran yesterday was an impressive show of strength by the opposition to the Shah of Iran and an apparent gain for the opposition moderates. The government's decision to withdraw Army and police forces from the area of the demonstration avoided a potentially serious confrontation.

According to most press reports, about 1 million demonstrators participated in the march; the US Embassy estimated at least several hundred thousand. Marchers carried banners calling for an Islamic republic and extolling exiled Shia leader Ayatollah Khomeini. Well-organized, peaceful, and orderly demonstrations also took place in Shiraz, Esfahan, Tabriz, and Mashhad.

//The withdrawal of troops from southern Tehran was probably also influenced by the government's desire not to test the loyalty and cohesion of the Army again. Zahedi told US officials after the march yesterday that the government was pleased by the outcome.//

SAVAK expects more demonstrations to take place today on Ashura, the holiest day of Moharram. If these demonstrations can also be kept nonviolent, we expect the moderate opposition leaders to step up their efforts to negotiate an end to the current crisis. It remains doubtful, however, that hardline leaders like Khomeini will accept any compromise that does not call for an end to the monarchy.//

Most shops will remain closed throughout the long holiday weekend, and it is uncertain whether strikers throughout the public and private sectors of the economy will return to their jobs after Ashura. Oil workers at the important Gachsaran oilfields walked off their jobs on Saturday, further reducing oil production and availability for export. Crude oil production was expected to decline to about 1.4 million to 1.5 million barrels today, and exports are likely to fall to about 700,000 barrels, comparable to the lowest levels recorded during the previous oil strike the first 10 days of November.

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NAMIBIA: Implications of Election

There were no significant disorders during the five-day polling last week for a Namibian constituent assembly, even though foreign-based leaders of the South-West Africa People's Organization had called for an all-out effort to disrupt the election. The South African Administrator General has announced that 81 percent of the registered voters went to the polls. Whatever the voting results, which are expected to be announced next Monday, the election has already dramatized South Africa's ability to manipulate the Namibian population, which will strengthen Prime Minister Botha's hand in dealing with the UN.

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Following two bomb explosions in Windhoek on 2 December, South African police arrested some 70 SWAPO demonstrators who were protesting the holding of an election without UN participation and detained six principal leaders of SWAPO's internal wing, which has operated openly as a nonmilitary organization. The demonstrators were released, however, and SWAPO supporters held several public meetings near Windhoek.

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On 2 December Pretoria informed the UN Secretary General that it will decide by the end of the month whether or not to accept a UN transitional assistance group in Namibia. The South Africans maintain, however, that any UN transitional program also must be acceptable to the Namibian constituent assembly.

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Although the newly elected assembly would be unlikely to welcome a second election under UN supervision, Prime Minister Botha has ample leverage to manipulate the assembly. He very probably wants to go through with a modified transitional program under UN auspices in order to avert UN sanctions, mend South Africa's frayed ties with the West, and gain international support for what he hopes will be a moderate Namibian government. The South

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Africans believe, however, that a large UN peacekeeping force in Namibia during a second election would tip the scale in favor of SWAPO candidates. []

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The orderliness of the polling last week as well as the large voter turnout will encourage Botha to insist on a major reduction in the projected UN military force of 7,500. He can argue that the absence of significant disorders last week shows that a large UN force is unnecessary. Moreover, the large voter turnout may encourage Botha to use the constituent assembly as a basis for proceeding with an internal settlement should the UN Security Council reject South Africa's caveats. []

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ANGOLA: Government Changes

Angola's major government and party reorganization announced on Saturday is seen as an effort by President Neto to strengthen his control of the government 

Prime Minister Lopo do Nascimento and Second Deputy Prime Minister Carlos Rocha were dismissed from their posts at the conclusion of an extraordinary meeting of the Angolan Popular Liberation Movement Labor Party Central Committee. Pascoal Luvualu, the party spokesman for foreign affairs, has been named to fill one of the resultant vacancies on the Politbureau. 

The decision to remove the officials and abolish their posts probably reflects Neto's attempts to consolidate his power, further strengthen party unity, and streamline the government. The shakeup also may be partially attributable to continued pressure from militant black nationalists in the party who believe the mulattoes have too much control in Angola. Rocha is mulatto; Luvualu is black. 

Nascimento was considered by many to be the second most important person in Angola, but he lacked an independent power base and now appears to have fallen into disfavor with Neto. According to a recent report, he may be named to a new but less influential position as Minister of the Presidency. Rocha has strong Marxist-Leninist credentials and had been mentioned as one of the Soviets' favorite candidates to succeed Neto. 

Press reports stating that Neto had himself been ousted apparently are incorrect. Neto addressed the nation yesterday as President. At this point, it does not appear that the government reorganization will have a major impact on Neto's continuing efforts to improve relations with the West. 

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[REDACTED]

SOUTH KOREA: Assembly Election

//South Korean President Pak wants a strong voter endorsement in the National Assembly election set for tomorrow, and he wants foreign and domestic observers to conclude that the balloting is fair and free from irregularities.// [REDACTED]

//Pak seems likely to achieve qualified successes on both counts. His ruling Democratic Republican Party almost certainly will win more of the contested seats than does the major opposition party. [REDACTED]

[REDACTED] He has already been elected to another six-year term, which begins late this month. He appoints one-third of the assembly members, and South Korea's electoral arrangements encourage a rough split of the contested seats between the government and opposition parties.// [REDACTED]

//The Democratic Republicans are running on an impressive record of government accomplishments. South Korea has had the fastest growing economy among the developing countries in recent years, and its international prestige has grown considerably as a result of its economic competence. The country has regained its composure following the shocks of Vietnam's fall and the announcement of US troop withdrawals. Pak announced an amnesty last week that will include some political prisoners and should boost his popularity.// [REDACTED]

//Even so, there are factors working against the government. Urban, young, and independent voters have traditionally tended to vote against Pak, and their numbers have swelled in recent years. Pak's opponents have been attacking him on a variety of issues: the Tongsun Park affair, inflation, high taxes, the alleged corrupt relationship between big business and government, and the highly restricted character of "Korean democracy."// [REDACTED]

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//None of the specific issues raised by Pak's adversaries however, appears to have galvanized popular opinion in opposition to the government, and by all accounts the opposition remains in a weakened state because of chronic factionalism and a lack of leadership, organization, and funds.//

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ISRAEL: Cabinet Reshuffle

A plan by Israeli Prime Minister Begin to redistribute cabinet posts has set off jockeying among members of his coalition. Begin appears to be taking advantage of cabinet vacancies to promote those he believes will better support his leadership on peace issues and the government's domestic programs. He thus far has rejected demands to increase an already large cabinet and to take a cabinet seat away from the Democratic Movement, currently one of his most dependable and vital allies.

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Begin reportedly wants to transfer Construction Minister Gideon Patt, a member of the Liberal faction of the coalition's dominant Likud bloc, to the industry and commerce portfolio. Immigrant Absorption Minister David Levi, a member of the Herut contingent of Likud, Begin's political base, would replace Patt.

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Patt has so far supported Begin's peace proposals and the economic policies of Finance Minister Simha Ehrlich, leader of Likud's Liberals and a Begin confidant. Levi is a Begin loyalist.

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Begin's plan has provoked strong objection from both the Liberal and Herut factions. Energy Minister Yitzhak Modai, a prominent Liberal and rival of Ehrlich for control of the faction, harbors claims to the potentially more important industry portfolio. Modai, however, has left some room for compromise, hinting that he might be willing to take the vacant transportation ministry portfolio.

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Leading members of Herut have long complained to Begin about their faction's lack of influence on economic issues. Herut activists are unlikely to believe that Levi--who has shown little ability in his current post--would provide them with significant influence in economic decisionmaking if he became construction minister.

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Begin's unwillingness to take away one of the Democratic Movement's three cabinet posts also has aroused strong opposition from Herut as well as from the National Religious Party, an important member of Begin's coalition. Both groups believe that the recent split in the Democratic Movement, which cut its parliamentary deputies from 15 to seven, should also be reflected in cabinet representation.

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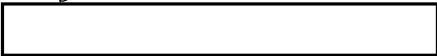
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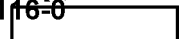


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Begin's dependence on the Democratic Movement, however, has steadily increased in recent weeks as his backing among Herut and National Religious Party hawks over major peace issues has grown less certain, and Begin seems willing to pay a certain political price to ensure the Democratic Movement's support. The loss of that support would cut Begin's parliamentary majority to a few seats, leaving him dependent upon coalition hardliners and further restricting his room to maneuver on major negotiation issues. 

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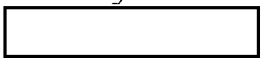


BRIEFS

China

China is expanding its exploration and development of geothermal sources of power. Chinese experts have studied foreign geothermal programs, and the government is sending students to Italy and New Zealand for long-term training. 

The Chinese have many geothermal fields and for several years have surveyed them to locate and evaluate those of greatest potential. They have built small geothermal power stations in five provinces since 1970. Two of these power stations may have advanced binary fluid systems permitting the use of hot underground water below boiling temperature, a characteristic of many of China's geothermal fields. 

//China's sixth geothermal electric power plant--and the only one using natural steam--is in Tibet. As part of an effort to expand and improve this plant so that it can provide power to the city of Lhasa by February 1980, the Chinese are planning to import an 11,200-kilowatt generator from the UK at a cost of \$20 million.// 



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